

Transport Committee

Oral evidence: [Williams-Shapps plan for rail](#),
HC 230

Wednesday 26 May 2021

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Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Simon Jupp; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 1–112

Witnesses

[I](#): Nigel Harris, Managing Editor, *Rail* magazine.

[II](#): Sir Peter Hendy CBE, Chair, Network Rail; and Andy Bagnall, Director General, Rail Delivery Group.

[III](#): Rt Hon Grant Shapps MP, Secretary of State for Transport, Department for Transport; Keith Williams, Chair, Williams Rail Review; and Conrad Bailey, Director General for Rail Strategy and Services, Department for Transport.

Examination of witness

Witness: Nigel Harris.

Q1 Chair: This is the Transport Select Committee's one-off evidence session on the Williams-Shapps White Paper for rail. We have three panels today. I will ask our first witness to introduce himself. Our second panel will be Sir Peter Hendy from Network Rail and Andy Bagnall from the Rail Delivery Group. Our third panel will be the Secretary of State, Grant Shapps, Keith Williams and an official from Grant's team.

Let's crack on with our first 30 minutes. To set the scene and wet the whistle, I ask our witness to introduce himself, please.

Nigel Harris: Good morning, TSC. I am Nigel Harris, the managing editor of *Rail* magazine.

Q2 Chair: A very good morning to you, Nigel. We have 30 minutes to explore some of the issues we can put to the other panels. I will start. We know that there have been key challenges thrown up around rail. Does this White Paper address those key challenges, in your view?

Nigel Harris: Yes, it does in principle. As ever, the devil will be in the detail of the implementation and carrying the intent through to practical realities that do what the paper says it wants to do. There are risks in that.

Q3 Chair: Give us the top three headline points that you feel will go some way to addressing the challenges, and perhaps also the devil in the detail aspects that we should look for?

Nigel Harris: It would be disingenuous of me to take issue with the report in substantive form because a lot of it seems to be the sort of stuff that *Rail* magazine has been urging since last July.

There is one big fundamental point that is of crucial importance before any of the detail, and that is the setting up of a specialist body to deliver the Government's railway strategy. There are two questions. What sort of railway do the Government want, and how big is the bag of money to pay for it? That specialist delivery is really important and fundamental.

I make no apology for repeating this. The Government and everyone need to see GBR in the same way as Kate Bingham's vaccines taskforce, where the Government set up a specialist body, led by an expert, gave it a budget and a clear purpose and then—here comes the critical bit—stood back and let it get on with it. That is really important. It is the best way for the Treasury, the Government and the DfT to get what they want.

Everything flows from that. We can spend as much time as we want thereafter talking about electrification, how, when and where it is done and what our trade procurement policy is, but that is the fundamental. Set up a body of specialists led by our own Kate Bingham—Andrew Haines—and let them get on with it.



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Q4 Chair: One of the marked points is that we are seeing a move from the private side of things more towards the public sector. This is at a time when rail numbers have collapsed, and yet the private sector, from privatisation, has doubled passenger numbers on the railways. Isn't this the wrong time to shift and tilt towards the public sector, even if it delivers the integration that you may crave?

Nigel Harris: It has not helped that the way this has been presented—not least by the Secretary of State with fairly feeble jokes about BR sandwiches and all the rest of it—has led the media to believe that it is some kind of nationalisation. Actually, it is anything but; it is quite the reverse. At the moment, we have the most controlling form of national control we have ever had. The report itself acknowledges that much of the railway's everyday life is governed and micromanaged by the DfT. We want to move away from that, so it is anything but nationalisation.

Again, the report makes it clear that the private sector has a key role to play in delivering rail services. Much of this debate gets very poorly presented. Very often, its chief commentators and pundits have all their views filtered through one or other political ideology: there is too much profiteering and privatisation; or there is not enough private sector operation.

What we finally have the opportunity to do is to find the sweet spot where the delivery of a publicly owned and publicly specified railway—we have always had a publicly owned passenger service, don't forget; it has only been operated privately—can be done at the best price and most efficiently by a really engaged private sector.

A few years ago, when franchise margins were about 5%, that was regarded as a tight margin. Latterly, it has been about 2%. I do not believe that any Government could run the railway for less than that. If we were to start running direct services, in my view the cost would immediately go up. If we can find that sweet spot, everybody benefits, but it is going to take nerves of steel over the next few years because there will be tricky waters to navigate.

Q5 Chair: Perhaps with the exception of Southern and one or two other examples, the franchise system meant that the risk and reward was taken by the train operators, whereas now they will just be paid a fee for running train services. Nigel, where do you see the incentive for the train operators to stay in the game and to deliver services when the profit for them will not be impacted whether or not those services run to time at all?

Nigel Harris: Given that National Express, which once operated half the railway through nine franchises, walked away from it, I would say that the operators and owning groups that have stuck it out until now are showing pretty gritty determination to stay part of the game.



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In the longer term, the report makes it clear that the longer-distance operators will have the opportunity to be more commercially active, set fares and have more flexibility. At the moment, no private operator is going to take the risk. That was one of the big problems of the franchising system. Franchising was never broken, but the way we did it was pretty silly. It made it impossible to keep a business going. To effectively pass GDP risk to a train operator as big as one that runs East Coast was always going to cause problems. Many people said that right from the start. The last East Coast franchise required 10% compound growth. If you or I took a business plan like that to the bank, they would laugh us out of the door. The DFT signed it off.

The private sector is keen to do it. If you have a concession, and there are some good ones like the Arriva concession that runs LOROL, you need to put in a mechanism that acts as a proxy for what you have just described—incentives to grow volumes and make the railway bigger. Everybody then wants to stay in the game and get involved, and you don't have a vanilla turning up to deliver the minimum operation. The mechanisms are there, but we are really going to have to work at it.

Q6 Chair: This the last question from me before I open it up to Members. In terms of the model, we were looking at an arm's length body that would then commission. The TfL model has often been described; TfL contracts with a train operator to run the concession service, and with Network Rail. Here, we will have Great British Railways, which absorbs Network Rail, actually contracting with itself almost, if I look at it on that particular model. Do you find the model a little strange in that regard, or can you explain it better than I have?

Nigel Harris: It is not contracting with itself. It will be contracting with operators to deliver the Government's specified and financed passenger service. I don't see a problem with that.

The problem with a concession model is not only that you need an excellent concessionaire to operate it, but you need a really informed client. That is another reason why I am actually pleased to see GBR, because the DFT can never be that informed client. Maybe Peter Hendy can expand on this later, but, as I see it, TfL, for example, owns the relationship with the customer and knows its business. It can therefore put together a deal that it knows will work because it knows its market.

The DFT can never know every market around. GBR, once it is set up, can do that much better, especially as it is made up of specialists and not officials. I cannot repeat enough that people who know what they are doing—my vaccines taskforce analogy—are the key to making this work. We need really good people who understand the railways. They are the key to delivering what the Government want. They are not the enemy, as I sometimes think they are seen.

Q7 Chair: I will probe you a little bit more. In the TfL model, obviously TfL is completely independent from Network Rail. My point is that GBR, when it



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is contracting with Network Rail, will all be one organisation in that sense. In fact, GBR has to be set up, so are you working on the basis that to start with Network Rail will actually play an initial role as the arm's length body?

Nigel Harris: Not in the form we know it now. I started arguing this last July in an editorial that I describe as my Apollo 13 editorial. In the movie, we saw engineers having to make equipment with what they had rather than what they would have liked. The DfT and the Government have to work with what they have. The most likely body to succeed in making this work is Network Rail, which is very different from the body it was a few years ago. It needs to change yet further.

The report seems to create a few hints in that direction. Towards the end, it lavishes praise on Andrew Haines and almost anoints him as the man to make short-term changes and come up with a short-term plan. Reading between the lines I would expect—maybe it has already happened—that the DfT will instruct Andrew to make a start on the stuff that we need to get on with. We cannot wait two years for legislation. What was the news yesterday? The Chancellor has borrowed £300 billion in the last year compared with the £30 billion budgeted. We need to wind back on the emergency funding for the railway, which means that we need to get going.

I would expect a part of Network Rail to be rebooted and reconfigured to start the job. As the legislation proceeds, the one will morph into the other. On the business of the client, GBR also needs a good client, who is the Government, to set its parameters properly, so that it all cascades through the system to create really effective passenger service contracts that have proper incentives to keep people pushing the boundary, growing volumes and running a great railway. This is not rocket science. It can be done. We just need to will it and do it.

Chair: Thank you. Ruth wants to come in on something you have just said.

Q8 Ruth Cadbury: Thank you, Nigel. You suggested that it would be quite simple. You made the analogy with the vaccine roll-out, but is it as simple as that? There is a very simple objective for the vaccine taskforce, which is just to get everybody in Britain vaccinated. Running railways has multiple different and often competing objectives. Is it really that simple, and you can just put an organisation in charge and then the Government stand back?

Nigel Harris: Delivering a railway is far from simple. We owe a great debt of gratitude to tens of thousands of railwaymen and women over the last 25 years who have delivered railways, frankly despite what politicians have thrown at them and not because.

The overarching principle is simple. That is why I backed off from it. Because it is so complicated, we need people who know what they are doing and who really understand the technicalities of timetabling and of



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everything. Huge problems are caused when people who know what they are doing are not allowed to get on with the job. The overarching principle is, "Deliver us a great railway; we want it to do this, this and this. Here is your money. Now go away and do it." That is the simple truth I have been espousing.

Once you get down to it, it is hugely complicated. That is why we need specialists and that is why we need to let them do their thing. We would never have dreamed of meddling with Kate Bingham on epidemiology and the formula for vaccines and all the rest of it, but civil servants have been saying whether trains should have coffee cups on them, how they should be decorated and what sort of seats they should have. The current Avanti West Coast franchise, at the last count, had 29 officials monitoring its everyday business. The people in that franchise are driven demented by it. They say, "We can't breathe or leave the room without express DFT permission."

That is the simplicity. Give the specialists a clear role—"Deliver a great railway and here's the money"—and let them get on with it. There is the added bonus for the Secretary of State—again, maybe Peter Hendy could comment on this—that he or she has political distance. If it goes wrong, it does not blow up on his desk, as it did with Chris Grayling in 2018.

Ruth Cadbury: Thank you.

Q9 Karl McCartney: Good morning, Nigel. I want to drill down into some of the answers you have given regarding how GBR could be taken forward. Back in 2003, 2004 and 2005, the Strategic Rail Authority had certain issues that you have touched on, dealing with the upwardly management model of DFT and then the Treasury, with the people in place at the time. It had very good people inside it, but it was abolished relatively shortly after its creation. What are the chances of that happening to Great British Railways?

Nigel Harris: That is what we need to guard against. To use a famous phrase, those who fail to learn the lessons of history are doomed to repeat its mistakes. We really must not do that, which is why it is important that we give them a clear brief, we give them their head and we let them get on with it. It will need a real culture change, which is the hardest thing of all. To its credit, the report says that. It gives a list of people; Ministers, unions, the workforce and Network Rail. Significantly, I notice that the DFT and the Treasury were missing from that list. It is crucial that there is a culture change there too, and that the specialists are allowed to do it.

The Strategic Rail Authority had many issues, but its abolition was largely a political affair. Its role was not as clearcut as GBR has been outlined to be. Civil servants still had quite some authority and input. No, we must not repeat that. That is why I have not mentioned the SRA in anything I have written. It sets off an unhelpful train of thought. We need to guard against it.



Q10 **Karl McCartney:** What do you believe are the key challenges that the new CEO of Great British Railways will face?

Nigel Harris: I think there are three huge and very sharp rocks in the water that we will need careful navigation around. The first is the Treasury. Fundamental to this is fare reform, and the Treasury has stood solid against the sort of fare reform we need for a very long time, despite the best efforts of the railway to promote it.

The second is the DFT. I know from conversations with senior figures, not least the permanent secretary, that they have got it and understand that it is time for the DFT to back off from designing coffee cup holders and seat moquette and everything else. I am not as convinced about the middle ranks at the DFT. Civil servants of all breeds—how do I put this?—have decades of experience at deflecting change or protecting what they do.

The third rock is really big. It must be tackled, as Keith has identified and as McNulty identified years ago. It is working practice reform and the workforce, where there are big things to do. Those three things are the biggest challenges that I believe the new CEO will face, beyond the complexity of achieving what we have just been talking about.

Q11 **Karl McCartney:** I understand that. Maybe one of the phrases I would use is that civil servants are quite good at shunting things into the sidings within DFT when it comes to the railway.

Touching on some of the other comments you made, what capabilities and powers will Great British Railways need to have a handle on and be in control of to deliver better railways for the people of this country?

Nigel Harris: I cannot really add to what I said. It needs to deliver the Government's strategy. If all the things that are in the report come to pass, and they are able to get on with them in the way described, they stand a real chance of doing it. It will not be easy and it will require nerves of steel by the DFT and the Treasury to keep their hands out, politicians especially. In that case, I am encouraged by Keith's team having included a 30-year strategy. If a 30-year strategy becomes a legislative requirement, and you tie that together with five-year funding settlements, you are all of a sudden introducing a degree of stability that we have not had before.

Will it be easy for GBR? Of course not. There are those of us who remember the travails of the British Railways Board trying to find the money to electrify the east coast main line at the same time as doing everything else. There is a finite amount of money. Network Rail will face some big challenges, not least in its own efficiency. The railway is too expensive, not only in pay, which is £6 billion a year, but in engineering costs. As the report acknowledges, Network Rail has made significant progress through Project Speed and other initiatives to get the cost of infrastructure investment and modernisation down. Look at the magnificent job that is just about to emerge at King's Cross.



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Karl McCartney: Indeed. Thank you very much, Nigel. Your platform announcements have been heard loud and clear, and I hope noted by others who are not in this room.

- Q12 **Chris Loder:** Nigel, good morning and thank you for your contribution so far. I have a very brief question for you. I know you said that you do not talk about the Strategic Rail Authority very much at the moment, but do you have a view as to the key lessons to be learnt from the Strategic Rail Authority? We are talking about 16 years ago. I, and many of my colleagues, are determined to make sure that this works. I was a frontline manager in those days. I wondered if you had any views as to the key lessons that we ought to learn to avoid the same thing happening again.

Nigel Harris: Clarity, clarity, clarity, so that everybody understands what they are doing. We are in different times, Chris. You were around at the time. To mention Alastair Morton, Tom Winsor and Gerald Corbett, there were a lot of personalities in an immature structure with big problems, at a time when we had had Ladbroke Grove, Heck and a number of accidents. The mood was extremely febrile.

There were also some well-publicised clashes of personalities between the SRA and the DFT. I see you smile; you know which I refer to. Frankly, we need to avoid all that. That is one of the reasons why Andrew Haines is such a solid pair of hands. He is respected across the grand divide between politics and railway, and throughout the railway. The lesson is the equivalent of the old modellers' or joiners' advice: measure twice and cut once. We need to be measured and objective in how we go about it. We cannot go back there.

Chris Loder: Thank you.

- Q13 **Simon Jupp:** Nice to hear from you, Nigel. Earlier, you mentioned a bit of a joke about cups and streamlined designs. My main focus is what the passenger gets out of this. As Great British Railways takes hold, what differences will passengers notice? What would you like to see?

Nigel Harris: Hopefully, what the passenger will get—I am sorry to sound repetitive—is a group of specialists working on their behalf in a Government remit. At the minute, there is tension all over the place which stops that happening. We also have a lot of decision making that gets in the way of delivering stuff that passengers want.

As a small example, there is the new generation of Hitachi trains. Some of the senior railway managers wanted to improve the passenger environment in the trains. The DFT simply refused. This is almost a curtains and carpets-type area. We need the railway to be more agile, and we need a group of specialists who can act without having to ask the DFT to do everything and anything, so that when something clearly needs doing, it can be done quickly and in an agile manner and there can be a response. At the moment, it can take months or years for the simplest of things.



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For example, last August LNER ran an off-peak fares promotion mid-week and sold 30,000 tickets. The sort of flexibility to respond to local markets is why the devolutionary aspect is so important. It is not so important to have the specifics; it is everything that can happen faster in the environment that Keith's report has put together. At the minute, the whole system is mired in treacle.

- Q14 **Simon Jupp:** I am glad you touched on devolution. In the report, and in various commentary since, a role for metro Mayors is mentioned. Clearly, metro Mayors do not cover all of the country, but they could have significant power within these reforms. What do you make of the reforms, but also the impact of communities around metro Mayor regions as a result?

Nigel Harris: Are you asking how the metro Mayors will dovetail with the new system?

- Q15 **Simon Jupp:** Yes, quite. But not every area has metro Mayors; therefore there will be neighbouring places. How will those changes affect them?

Nigel Harris: It is not just metro Mayors. It is all the local authorities. The five regions, according to the report, are to be devolved, including budgets and freedom of action. They will play a key role in framing the passenger service contracts. It is not just the metro Mayors. It is the entire local authority system that represents any local area.

History shows that the closer to the coalface that you plan and deliver your railways, the better they are. I remember writing 10 or 15 years ago about the German federal system, which had delivered tram trains and all sorts of wonderful regional services because of the regional government taking an active role, so it can work. We have had a taste of it in Scotland, and of course Scotland would like to go further. We need to apply that principle everywhere.

On the London and North Eastern network, Rob McIntosh, the current MD, leads a team which is genuinely tied into all the local authorities and all the stations and their hinterlands to deliver the best service possible for those people. GBR cannot do that nationally, and the DFT certainly cannot. The old jokes about the man from the Ministry for whom a railway is a few inches on a map somewhere is not far from the truth. It is not just metro Mayors. They will have to deal with everybody.

- Q16 **Simon Jupp:** Doesn't that pose challenges for certain parts of the country, for example, that do not have large transport authorities? Obviously, local governance across the United Kingdom is vastly different in different corners of it. We have heard in previous sessions about a whole raft of different challenges when talking about public transport, for example. There are some transport authorities with very few staff left, and very few people around to help deliver these changes and have input on the new powers they may be given. What do you think is the challenge there, and do you think that will be one of the obstacles?



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Nigel Harris: I don't want to sound like a smart Alec but, yes, of course there are challenges. This is difficult. Politicians and the wider media tend to have no idea just how difficult running a railway is. It is even more difficult when it is done by command from the DFT. The more regionalised we get, the better, but, yes, there are challenges. BR, although it was not good at many things—sorry, not good at some things, before I trigger an enormous postbag—was quite good in its local divisional management. When I lived in the north-west, the Preston division had quite close links with the local communities and worked with them, where it could, to get things improved. We need to see more of that. That will be a challenge for Andrew Haines and whatever team he puts around him.

There are only two sources of finance for the railway—fares and taxes—and they come from the same wallet: yours and mine. As with every other function in the country, be it the NHS or education, it needs to be managed properly from the ground. We have not been able to do that.

Railwaymen and women are brilliant. They have made it work despite everything. Imagine that the structure that Keith's team has put together comes together as it is outlined and isn't scuppered en route to legislation or hobbled afterwards. Those people, turned loose, will deliver us a great railway. I have no doubt about that.

Simon Jupp: Thank you, Nigel.

Chair: We have three minutes left, Nigel, and I want to bring in Grahame and Ben, so this is a quick-fire round.

Q17 **Grahame Morris:** Nigel, I want to pick up something that you mentioned earlier about the costs of the railway. You mentioned staffing and engineering costs. Should we be thinking about some of the other Network Rail costs? I understand that it owes £24 billion plus interest on bonds arising from when it was a private company. There are also the rolling stock lease costs and how much we pay the ROSCOs. The National Audit Office looked at the unit cost of rolling stock and how much it has increased over the last five years. They described it as significant. Do you think we should be looking at capping those costs?

Nigel Harris: They are both good questions. The first one is really beyond my pay grade. To comment on bonds and debt, you will need to seek an answer elsewhere.

With regard to rolling stock, we have a bit of a red herring and a hoary old one. If the costs have gone up over the last five years, a big part of that will be because of the most expensive fleet of trains we have ever bought. That is the Hitachi 800 series, which were ordered and specified by the Government at a time when carriages cost £1 million each or thereabouts. As far as we can tell, because the contracted matrix is so complicated that even my esteemed colleague Roger Ford found it difficult to pin down, I have heard numbers of £3 million a carriage. That is yet another example of why we need to let specialists run the railway



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and order the trains, and not civil servants. That is the best way to get those costs under control.

The ROSCOs have done a good job and invested lots of money. I would ask you to apply the same principle as I did to the 2% for running the railway. If the Treasury and the public purse was funding the cost of trains, could it do it any cheaper over the long term? I am not sure.

Chair: We are bang on 10 now, but over to you, Ben, for the last question.

Q18 **Mr Bradshaw:** Nigel, in response to Simon a moment ago you drew on the strength of the regional system in Germany. I am a great believer in not reinventing the wheel and learning from best practice. In the few seconds we have left, is there anything in this model that you can draw from other countries' models that makes you feel optimistic or pessimistic about this model and the future of our railways?

Nigel Harris: I think it is a good model. I like the report. It was better than I thought it would be. If it can be made real without being hobbled by civil servants, the Treasury, politicians or anything else, it will work. I am confident of that. The more we have decision making at the coalface, where they understand what people want, the better, but you need a central GBR-type organisation. There aren't five best ways of doing things; you need central services. The trick is not allowing that to become the 1,300 lb gorilla which is impervious to anything. We must make sure that does not happen. It has to go hand in hand with really effective devolution and empowered people who have a clear remit, the budget to do it and the space to do their thing.

Mr Bradshaw: That is a nice place to end. Thank you.

Nigel Harris: You're welcome.

Chair: Thanks, Ben. It is indeed. Nigel, thank you so much. That was an incredibly interesting 30 minutes to set the scene and get us going. We wish you all the very best. We look forward to no doubt hearing from you again.

Nigel Harris: You are very welcome, Chair.

Examination of witnesses

Witnesses: Sir Peter Hendy and Andy Bagnall.

Q19 **Chair:** I ask our second panel to introduce themselves. They are from Network Rail and the Rail Delivery Group. Let's start with the knight of the realm.

Sir Peter Hendy: Good morning, everybody. My name is Peter Hendy and I am the chair of Network Rail.

Andy Bagnall: Good morning. I am Andy Bagnall, the director general of the Rail Delivery Group.



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Q20 Chair: Good morning to you both. I will start off with a section where I bring in Ruth and Gavin. It is about structural reorganisation and roles and responsibilities. Andy, does this shrink the input of the private sector as far as you are concerned, or are you happy with the roles that you have been given?

Andy Bagnall: I think it is a rebalancing of the public and private sectors. The existing way of running the railway is a public/private partnership. What is proposed in the White Paper is a reformed public/private partnership.

It is worth starting by saying that this is a really important moment that is broadly welcomed by the industry. Both public and private parts of the railway have been calling for reform for several years. A lot of the reforms that we have been advocating are reflected in what is proposed in the White Paper.

What I think is absolutely critical, and echoes some of what Nigel was saying, is that we now get the detail right. In some areas, there is still quite a lot of detail to be worked through. The relationships between the different parts of the new structure and getting those right will be absolutely critical. That is between Great British Railways and the Government, which Nigel was talking about, and the relationship between the new arm's length body, Great British Railways, and private sector operators.

Nigel touched on a couple of areas where we would like to see the reforms go further, particularly in the area of fares reform. Overall, it is a welcome change moment for the industry, and potentially a big change for passengers.

Q21 Chair: Thank you, Andy. Sir Peter, a lot of analogies have been made with the TfL model, which of course you know well. Do you believe that this model will lead to better integration and better value for money for the taxpayer and passenger alike?

Sir Peter Hendy: Yes, absolutely. This is a hugely welcome change. You are right. I ran TfL for nine and a half years. I think it started where Keith started with his work on this report; TfL starts from the proposition that connectivity is essential for economic growth, jobs, housing and social coherence. The business model that it adopts, which has now been going for 20 years, is in support of passengers and connectivity for London.

The present structure of the railway does not work like that. It is terribly introspective. Whether it is Network Rail, the train companies or the myriad people involved in the governance of the railway, they are so busy looking inwards trying to make it work that they do not look at the effect of the railway on either customers or, to some extent, taxpayers.

I am really in support of this model. I would add, for the avoidance of doubt, that neither Andrew Haines—my chief executive—nor I are particularly defensive of the position of Network Rail. An integrated



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industry with the objectives of serving passengers and the taxpayer better deserves a better structure than what many people think is a vast engineering company owning the infrastructure. That is what Keith has recommended.

Q22 Chair: A final brief question from me before I hand over. It appears that there will be some time required to legislate to set up Great British Railways. Are you working on the basis that Network Rail will step in during the interim, or will we have to wait a while until it all comes into being?

Sir Peter Hendy: Given the effects of the pandemic, the position of the industry and the amount of funding that the Treasury has plunged into the railway over 15 months, change is very urgent. When I sit with Andrew, he is being asked by the Government to do some things as part of his job with Network Rail that Network Rail has not done before. We will find a method of proper governance for that. We are open. We are a creature of the Secretary of State, who appoints me, and we will do whatever the Government ask to facilitate the change to GBR. We certainly cannot wait for legislation. We have already started working better together as a consequence of the changes to franchises that occurred after coronavirus. We need to do far more of that, and we need to get on with it and do it very quickly.

Chair: We want to talk a little bit about devolution. We will head across to London with Ruth Cadbury.

Q23 Ruth Cadbury: Obviously, the key is to reduce complexity, as we have already heard. In London and the big conurbations, how much control or even input should local leaders have in the new model?

Sir Peter Hendy: London has a transport authority, Transport for London, and in fact TfL took over parts of the national railway network. They have operated very successfully for a number of years on precisely the contractual model that Keith recommends for the industry.

People characterise the interests of regional politicians, metro Mayors and so forth, as being different. We found at TfL that we were quite able to get the train service we wanted and integrate it with train services that reached further from London. I would like to think that we were an informed client, and TfL still is. We were able to discuss with the big railway how our services interacted with them, and how we could get the best out of the railway.

There was a lot of debate, for example, when the overground was extended to Crystal Palace and West Croydon, about whether or not an increased level of service would delay Southern trains down the axis from London Bridge to East Croydon. As a matter of fact, our contractor ran more services and the timekeeping of Southern services improved, so you can do that. There will be some debate, because if you are Andy Burnham in Manchester, your boundaries are naturally those of your



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constituency and you might be inclined to want more for the people who vote for you than the surrounding areas.

That is a balance that has to be discussed between the representatives of those areas and metro Mayors. I have no doubt that we can get to a better solution than some of what is there currently, providing of course that they are good clients. Nigel talked a lot about being an informed client. If you want to be the Mayor of Manchester, West Yorkshire or the West Midlands, you need enough people working for you to understand what the transport demand is and what services you would like in order to debate that in an informed way with the regional management of Great British Railways. I think it can be done, and I think Keith has constructed the circumstances in which it will be done a lot more easily.

Q24 **Ruth Cadbury:** Thank you. Andy?

Andy Bagnall: I think there is a centralising and a localising tension in the White Paper that we now need to work through in detail. To be fair, the White Paper itself says that we need to wait for the levelling-up White Paper for more detail about cities specifically.

There are a number of dimensions. Obviously, there is the Great British Railways centre and then the Great British Railways regions. Exactly how they interact and the relationship between them will be a critical part of the success. We need to understand a bit more about how the devolved nations will work with Great British Railways. They will, of course, still be specifying franchises where Great British Railways will be doing that for the 14 DFT areas. As we said, we need to understand how cities and, beyond cities, local authorities generally can have more control over shaping tickets and services. The White Paper even points to community rail partnerships potentially having input over individual branch lines.

What is clear to me is that we need the right culture. Nigel touched on this. A decentralised system where decisions are taken as close to passengers and freight customers as possible is likely to produce the right answer. Getting that tension right will ensure that there is a guiding mind for the railway in the form of Great British Railways, rather than a controlling mind trying to dot every "i" and cross every "t" down at local level.

As Peter has just said, the foundations for that are set out in the White Paper. Now what we need to do is work through the detail to ensure that the balance of central and local is right.

Ruth Cadbury: Thank you very much. I think Gavin Newlands may want to pick up on the devolution element.

Q25 **Gavin Newlands:** I will start with you, Andy, given that you raised the issue of the devolved nations. What is your understanding of how GBR is going to work for Scotland?



Andy Bagnall: My understanding from reading the White Paper, like yourself, is that a Scottish Government will continue to be responsible, as they are now in the existing devolution settlement, for specifying the franchise for ScotRail, but in the way that Network Rail is currently responsible for the infrastructure right across Great Britain, the ownership and management of that will pass to Great British Railways.

Clearly, one of the things that we argued for in our submission to Keith Williams's report was the bringing together of track and train. Great British Railways obviously offers the potential to do that across the DFT TOCs. We will need to work through how we are going to do that in the devolved nations, and indeed in metro Mayor combined authority areas where, with the levelling-up White Paper, they might get more control over local services. Squaring off local interests with the importance of national coherence will be essential.

Q26 **Gavin Newlands:** Bringing together track and train, as you know, has been a policy of the Scottish Government for some time. We have been seeking devolution of the Scottish element of Network Rail to do just that. Obviously, we will not have that same single focus in Scotland, although we have the ScotRail alliance.

Sir Peter, given that we have the ScotRail alliance and currently a different way of operating and doing things than the rest of the UK, how do you see this working? Do you see it as seamless? In terms of the ownership and management of stations, Network Rail currently owns all the stations in Scotland, but ScotRail manages and operates them all apart from Glasgow Central and Edinburgh Waverley, as far as I am aware. How do you see it all working?

Sir Peter Hendy: We view the way in which Scotland's railway works as quite a good model. At the heart of it is that it is managed as one organisation. Alex Hynes, who as a matter of fact is a Network Rail employee, manages both Network Rail in Scotland and the train operator. I think the record of the Scottish railway, both in performance and in delivering what the Government and customers want, is pretty good.

Scotland has a decent electrification portfolio which has been rolled out over time. As a result, electrification is a lot cheaper there than it is in England. It has a long-term strategy. I think there are elements of that which Great British Railways will be trying very hard to emulate in the rest of the country.

If I can be a bit more controversial, I don't think that customers care who owns anything. What they want is a decent service. What I learnt at TfL was that nobody in London really knows who operates anything. What they care about is whether the service runs, whether it satisfies them, whether they can get to work, and whether the fares are reasonable. Those are the things that matter.



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I have had this debate with the Welsh Government. I do not know why anybody would want to own railway infrastructure. If you think it is an asset, you are mad. It is a huge set of liabilities, and much of it was built very badly and is sadly not in the best of condition. That is not relevant. What Scotland has done is to deliver, through Scotland's railway, a service that satisfies the Scottish Government's aims for transport connectivity and is managed coherently by one person at the top. I think that is a pretty good model, frankly.

Gavin Newlands: Thank you. There are some helpful quotes that the Secretary of State has popped in to hear as well. Back to you, Chair.

Chair: Thank you, Gavin. The three of us have pretty much finished to our time slot, so other Members take note. We are going to talk now about what Great British Railways needs to do in order to be successful.

Q27 **Karl McCartney:** Welcome back, Sir Peter, and hello to Andy. In my time with the Strategic Rail Authority in its relatively short lifespan, I saw that the hierarchy were always fighting for decision-making capabilities and spending powers. It was the same when I was at TfL looking at the T-cup service on the Circle line, with fighting with the then Mayor, Ken Livingstone. What do you think Great British Railways needs to be effective in relation to those two specific issues?

Sir Peter Hendy: The Williams-Shapps report very helpfully talks about a funding profile for the railway. As a veteran of public funding for Transport for London, you cannot expect the funding activities even of a long-term infrastructure provider to be guaranteed way out into the future. Things happen to the national and international economy, like coronavirus, that knock it all out of the window. The plan helpfully refers to a long-term timescale for infrastructure funding. Even more helpfully, it refers to having a long-term infrastructure plan. I think that is one of the central pieces of Keith's recommendations. The railway deserves to know what it thinks it ought to do next for the benefit of the country, the Government and passengers.

I was astonished when I got to Network Rail in 2015 that the then Secretary of State, Patrick McLoughlin, asked me to review the list of projects for control period 5. First, it was as long as your arm. Secondly, there were things on it that nobody even knew what they were, like the electric spine, if anybody remembers that. Nobody knew what it was. In fact, when I looked into it there were no advocates for it because nobody had defined it. Even more astonishingly, there were very few costed projects and absolutely none of them had a business plan.

The railway can do much better than that. It can know what it thinks the railway needs to do best for Government and passengers, and then it can allow its political masters to choose those best things, in line with their political aims. That is absolutely legitimate because they are elected and we, as managers, are not.



I think that, together with as long a term of funding as the Government are able to give us, ought to provide not an absence of argument—there will always be strong arguments about which projects to do and in which order they should be done—but a much more rational basis and, by the way, better projects done more cheaply because they have been prepared better. I have been in Network Rail for six years, and we are all scarred by the Great Western electrification. That was the project from hell because it was originally largely agreed over a weekend, I think, with no idea what its scope was and no idea how much it would cost. That is a really bad way of spending billions of pounds-worth of public money.

Q28 Karl McCartney: Indeed it is, Sir Peter. Andy, do you have anything to add?

Andy Bagnall: Yes, I have a few points. The White Paper sets out a lot of positive elements for Great British Railways. Peter has just touched on them. The long-run and whole-system nature of how it is configured will be very helpful. A 30-year strategy will give advantages around decarbonisation, skills planning and so on. Critically, it will bring together the ownership and management of infrastructure, and the specification of train operations will help align incentives, hopefully to the benefit of the passenger.

A whole P&L approach to the railway will help control costs and, to a degree, simplify money flows. On the other side of the ledger, it is now really important that we work through the detail of the relationships of Great British Railways to the other parts of the system. That is going to be absolutely key to its success, to directly answer your question.

I think there are three key relationships: Government, the regulator and, perhaps most importantly for passengers, the operator. Nigel Harris touched on the Government relationship in the earlier session. There must be the right length of the arm's length body from Government. The White Paper sets out very wide-ranging powers for the Secretary of State and says that he can give guidance to Great British Railways on any matter at any time. While you will never divorce politics from the railway, it is important that convention—custom and practice—is established in what that relationship is. Part of the problems that have built up in the current system is blurring of accountabilities. Clarity of who does what will be very important.

As the regulator in the system, the ORR will be required to hold Great British Railways to account for delivering on infrastructure, and in its relationships with train operators. It is the appeal court for freight, for passenger operators and for open access. Clearly, the powers that are available to ORR in that system will be really important to avoid the idea, which Huw touched on in his introduction, of Great British Railways being able to mark its own homework. The regulator's relationship is critical.

As I said, most important for passengers is the relationship with operators. The Rail Delivery Group, on behalf of operators, in its



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submission to Keith Williams's review said that the arm's length body should sit equally above track and train, and hold them to account together, proverbially being able to bang heads. There is a bit of a danger that, if Great British Railways is the owner and manager of the infrastructure provider, it skews the balance and Great British Railways becomes production led. Critical to avoiding that will be getting the culture right. The idea that it must have a different culture is explicitly called out in the White Paper. Peter has touched on that in other areas. We were on a panel together at the National Rail Recovery conference. Peter talked about Network Rail's culture needing to change if it was to form part of the arm's length body.

Drawing on skills from right across the industry, it will be really important for Great British Railways to have a commercial mindset rather than an infrastructure or production-led mindset. That is going to be absolutely critical for—

Q29 Karl McCartney: I am going to stop you there. I did not want to stop you before then in mid-flow because it was very interesting. Thank you both very much for the information you have given.

I have a very quick question for both of you. Andy, when do you believe Great British Railways needs to be established and ready to take on its new role?

Andy Bagnall: As quickly as possible. Clearly, a new statutory body will require legislation. That is pointed to in the White Paper. That is going to take a period of time, as was touched on earlier in the discussion. We cannot wait for that. We have to put in place interim arrangements. The private part of the industry—the operators—are really keen to get on with that. They have an enormous amount of confidence in Sir Peter and Andrew Haines to put in place interim arrangements that point the way to the right kind of culture that I was just talking about.

Q30 Karl McCartney: Sir Peter, very quickly, with your experience in the industry, timings?

Sir Peter Hendy: As Andy says, you cannot set up the new body until a point during the passage of legislation, but what you can do is start working as though the principles of the Williams-Shapps plan are applicable already. In fact, that is starting. In various areas, we are starting to work together a lot more closely. Passengers cannot wait for Great British Railways to be established, and we do not want to. Better methods of working will produce a better result for passengers and the Government, and will save some money as well, so we are getting on with it.

Karl McCartney: Indeed. That is great to hear. Thank you very much indeed. I am going to hand over to my colleague, Chris.

Chair: Who has one minute.

Q31 Chris Loder: Good morning, Andy and Peter. It is nice to see you again.



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Andy, I have a couple of quickfire questions for you first. Is the RDG going to be abolished as part of the Great British Railways plan?

Andy Bagnall: Yes. We said in our own submission to Keith's review that the parts of the Rail Delivery Group where we perform support functions across the industry are probably better placed in an arm's length body.

The intention will be that they move—

Chris Loder: I am sorry to interrupt your longer answer, I am getting the eye here.

Andy Bagnall: Some parts will go to Great British Railways and other parts to the train body¹.

Q32 **Chris Loder:** When will that happen?

Andy Bagnall: Obviously, now that the White Paper is published, we are working at pace with the Department, and indeed with Network Rail, to look at what the pathway is for the transition of RDG as part of wider industry reforms.

Q33 **Chris Loder:** Do the train operators you represent have any key concerns with what is being proposed by the Government? If so, could you very briefly say what the top two or three concerns are on behalf of the private sector operators?

Andy Bagnall: To get the best out of the private sector in a system like this, the operators are closest to the passenger. They run the trains that the passenger actually gets on, and they need to have the flexibility to deliver for those passengers. We have already talked about the need to get the culture right—

Q34 **Chris Loder:** Andy, I am sorry to interrupt you, but we are short on time. Are there just two top concerns that the private sector has with this proposal? Are there two that spring to mind? If not, we can crack on and revisit it.

Andy Bagnall: Yes, absolutely. The culture of Great British Railways and getting that right is one. A second is ensuring that the contractual model—the relationship between operators and Great British Railways—has the right incentives and flexibilities in it to allow operators to deliver for the customer. I could drill into that, but I am conscious that you want a short answer.

Q35 **Chris Loder:** That's fine. Thank you very much. Sir Peter, I have a quick question for you relating to something you mentioned just now about CP5. There are a lot of important schemes in CP5 which your review either deferred or parked in a siding. One of them, of course, was the Heart of Wessex line re-signalling where a lot of work had been done. What will happen to those schemes in the Great British Railways world?

¹ Correction by witness: trade body.



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Will they come back on to the table? Will they be done, or have they vanished?

Sir Peter Hendy: The simple answer is that, if it is renewal of existing railway assets, sooner or later it will have to be done. I think the question in the new structure is to assemble all the investment propositions for renewal and enhancement, better services and more services, and look at them in a holistic fashion.

I do not think the railway has done terribly well in the last 10 or 15 years, with projects that have been half started and half funded. Some have been started with no funding. Others have turned up suddenly. I think that we can do a lot better in the future by having a long-term plan and by understanding what the best train service pattern is for passenger demand, and indeed what freight movements are needed in the future, and then derive the investment plan from that.

At TfL, I was used to a plan that changed over time but that was fundamentally structured on the basis of the renewals you needed for the existing system and the demand on the system to serve the people and the politicians in charge. That is what the new organisation ought to do.

Q36 **Chris Loder:** Do you think the Heart of Wessex Line resignalling will be with us soon, at the beginning of the GBR world? Is that likely?

Sir Peter Hendy: I am not sure that I could tell you, Chris, but I am sure it will happen sooner or later.

Q37 **Chris Loder:** I should be delighted if you might have a look at it, Sir Peter, and maybe let me know.

Sir Peter Hendy: I think Victorian signal boxes are probably anachronisms in the 21st century. We need to put the money where it works best for the public and the Government.

Chris Loder: And works best for West Dorset constituents. On that point, I should hand back to the Chairman. Thank you, Sir Peter.

Chair: Can I ask the witnesses to give succinct answers, if you can, so that we can fit everybody in? We are running behind schedule. Next, how will these reforms benefit passengers in reality? Over to Simon Jupp, and then to Robert Langan.

Q38 **Simon Jupp:** A simple question, Sir Peter. What benefits will passengers see with their eyes and feel in their pockets as a result of these reforms?

Sir Peter Hendy: If the reforms are successful, they ought to see a better operating railway, which runs a better train service. They ought to see a much improved and modern retail offer. They ought to see people running the railways who understand what customers want and seek to deliver it.

Q39 **Simon Jupp:** The same question to Andy.



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Andy Bagnall: I think Peter has covered it. If we get these reforms right, they will see a better running railway and a more punctual railway. Hopefully, they will see fares reform. That is one area where a lot of positive has been announced in the White Paper. Certainly, the operators would like to go further on that to deliver a better range of fares and ticketing reforms that reflect how people want to use the railway. If we get fares reform right, we could give the things that people want most, certainly on long distance, by spreading passengers out across available trains on the day through fares reform, and with a greater chance of a seat. They are certainly the things that passengers want: a reliable, punctual service at good value for money and one where they can travel in as much comfort as possible.

Q40 **Simon Jupp:** There are numerous challenges with delivering these reforms, clearly. Andy, when it comes to things like the changes you have just discussed about fares, ticketing and compensation, what could get in the way of delivering them?

Andy Bagnall: If I can use fares as an example, some of the changes are very welcome. We have had an announcement about flexible season tickets. The White Paper pointed to more pay as you go and simplification of fares. To drive those changes through the system, you need to rewrite the underlying rulebook, the ticketing and settlement agreement that underpins the fares system. That is quite a big barrier.

The White Paper hints at some of those reforms. It calls out the ticketing and settlement agreement at 922 pages as an example of the complexity of the railway rulebooks but stops short of actually committing to reforming it. We believe that to really get the best in a new fares model for passengers we need to reform the ticketing and settlement agreement to give single-leg pricing. That then allows you to get the best out of pay as you go in urban areas, as well as a smoother curve of pricing over long-distance trains, to give people better value for money and to spread demand through the course of the day. That is good for its own sake. As I said, people are more likely to get a seat that way. It is also good at this point in time, with the pandemic, for public health outcomes.

Q41 **Simon Jupp:** Sir Peter, of all these reforms, which are keeping you awake at night in terms of deliverability on time and on budget and things actually being put in place and working?

Sir Peter Hendy: None of it is impossible. If it were, the Williams-Shapps report would not have had the press that it has had. Of course, it is going to be difficult because the railway is a fantastically complicated and integrated system.

As Andy has just described, there are some things in it that are massively overdue for reform. At TfL, I ran an integrated customer service offer, where we discontinued cash and did not need people to interface with the customers to sell travel. You can travel around in London using a bank card or a mobile phone without any trouble. The railway is years behind



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that. Asking people to exchange their money for cardboard tickets is Victorian.

If you think about that, sure, it might be difficult, but it does not keep me awake at night because we have seen it happen virtually everywhere else. We have learnt in the pandemic to do all our purchasing without cash, yet on the railways half of tickets are still sold over the counter. It is mad. Why would that keep you awake at night? It is a big job, but we ought to do it.

It is the same with the other reforms that are being talked about. There is integration of planning so that you get the best solutions for train service issues, whether they are infrastructure or timetable. They are just obvious things to do. It is a lot to do, and a lot of people will have to work very hard at it, including, for as long as I am there, me, and Andrew Haines and others, but we can do it. I am sure of that.

Simon Jupp: Thank you, Sir Peter. I hand over to Committee colleague, Robert Largan.

Q42 **Robert Largan:** Good morning to the witnesses. Andrew has already answered the question I was going to ask in his last answer, in a very succinct way, so I will throw it to Sir Peter. What barriers do you think could inhibit the uptake of the new flexible tickets that are going to be available from next month?

Sir Peter Hendy: I cannot imagine why there would be barriers. As Andy has described, what is needed is a thorough overhaul of the whole system, which is virtually the same system as existed at the end of the old British Rail and was adapted for privatisation. It is well overdue.

There is a much bigger and longer job to adopt modern technology with contactless and mobile phones. You will not do that overnight. In London, it took several years, but in the course of them we changed customer service perception. We generated a lot of travel and halved the cost of transactions. I see no barriers to doing it. It will take time and a lot of hard work, but why shouldn't we do it? That is what the customers want.

Q43 **Robert Largan:** Absolutely. Andy, you have already talked about this so I am not sure if you have anything further to add.

Andy Bagnall: Just that the regulatory system around fares on the railway predates the internet. If that does not tell you that it needs updating, I don't know what does.

Robert Largan: Thank you both for succinct answers. It is always refreshing. Back to you, Chair.

Chair: Thank you both. You have made up time, so bonuses all round. Chris Loder will deal with the next section.

Q44 **Chris Loder:** My next question is about how the private sector can do its good work to improve the railways still further going forward. On my



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network for example—South Western Railway—the long-distance Exeter and Weymouth main lines are the highest yielding lines in that franchise, but often receive the least attention from the operator, and indeed from the Government.

Do you believe that the new passenger service contracts that we will see will adequately incentivise train operators to make sure that we reflect some of those priorities and opportunities? Indeed, will they be able to do what they should be able to do when it comes to increasing passenger numbers and local community benefit. Could I ask Andy first? Sir Peter, I will come to you in a moment if you have any observations.

Andy Bagnall: Thank you, Chris. I touched on this in my earlier answer to you. To get the best from the private sector you have to allow the train operator, within the structure of Great British Railways, to have the freedom and the right incentives in the contracts to focus on what customers, passengers and freight customers are telling them. You cannot specify brilliant customer outcomes from the centre, whether that is Whitehall or the head office of Great British Railways. Those decisions have to be taken closer to the customer. The passenger service contract has to be the vehicle to allow the operator to do that.

Sir Peter touched earlier on systems and when they get it wrong; they create a structure where you have a bureaucracy, with the operator looking over their shoulder, looking inwards asking for permission to act. We need a contractual system, through the passenger service contracts, that allows operators to look outwards to the customer. We know that travel patterns are going to change. There will be more working from home, and perhaps more leisure travel, which might be an opportunity, but it will only be an opportunity if we can react to it. If I may—

Q45 **Chris Loder:** Andy, I need to come back on that. Are you saying that previously train operators have not had the freedom to make certain commercial decisions in order to achieve certain things, as I articulated just now?

Andy Bagnall: No. I am saying that we need to preserve the best parts of how the private sector was harnessed in the previous public/private partnership and preserve them in the reformed public/private partnership that the plan for rail sets out. There are two models of contract proposed under the passenger service contract model. There are concessions, mainly for urban areas, and then the White Paper talks about more commercial freedom for operators, particularly on long distance. That very much reflects what we, as operators and the Rail Delivery Group, submitted to Keith's review.

Concessions are definitely right for urban areas. They make the best use of limited capacity. They are better for integrating multimodal, but you have to have the right incentives in them. On the longer-distance routes, we were very pleased to see the commitment that one size does not fit all and that there will be variation in the contracts. You need that



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commercial freedom. Long-distance routes have genuine market forces operating on them. If someone is travelling from Manchester to London, they can fly, drive or get a train. You have to allow the operator a degree of commercial freedom within the model to be able to really market and attract those customers and—

- Q46 **Chris Loder:** Okay. I think we've got that, Andy. Where commercial freedoms have happened so far—indeed, up to coronavirus, the franchising machine basically enabled most TOCs to have a fair element of commercial freedom—is it right that the public should trust private operators and, as you say, give them that freedom? Should the public trust private operators to deliver, as you have just said, given that, as I articulated a little bit earlier, we have certain lines that are very high yielding but are often at the bottom of the pile when it comes to priorities?

Andy Bagnall: I think they should. It is important to remember that, while everyone in the industry agrees that franchising was a system that had run its course, it was also a system that delivered phenomenal amounts to passengers over two and a half decades, which the White Paper sets out in its first chapter. Passenger numbers doubled; services were increased by a third; the finances of the industry were transformed; there were half as many jobs again in the industry as there were at the point of privatisation; there was huge private investment of £1 billion per annum; and half the trains in the country are being replaced new for old. We are in the middle of that programme. We saw a renaissance in freight, which is an often overlooked part of the private sector contribution to the railway as a whole.

The private sector has a track record that makes it justifiable that we preserve the best of that, at the same time as recognising that the system needed reform. There were failings. The White Paper talks about fragmentation and so on—

- Q47 **Chris Loder:** Andy, I am sorry; I need to stop you because I am getting the eye for time. Thank you, Andy.

I need to ask Sir Peter, in terms of the questions I have just asked, do you have any brief observations? Do you also believe that Great British Railways will fix some of those irregularities, as we might call them, where there are parts of the country that are high yielding, maybe in the whole levelling-up agenda, and that there will be proper attention from the railway and the rail industry to parts of the country that have not received it before?

Sir Peter Hendy: My only additional observation to what Andy said is that you need to be an informed client. If, in effect, Great British Railways is to buy train services, it needs people in it who understand what they are buying. They ought to understand the industry and they ought to do their best, together with the operator, to understand the local market. That is really important. When you see the structure of Great



British Railways rolled out on a regional basis, you should be looking for people who are an informed client for people who are good operators to jointly satisfy the demands of the public.

Will we fix everybody's desire for better railways everywhere in the country? Probably not in the very short term. Will we address ourselves to the Government's stated intention of levelling up and doing good things for economic activity, jobs and housing in areas that might not have received that in the past? Of course we will, because the Government are paying for the railway and they should specify what they want. I think there is a very good chance of more happening in that direction in the future than maybe has happened in the past.

Chris Loder: And just to—

Chair: Sorry, Chris. It is 44 minutes past and I have not brought Greg in. We have one minute for the last section so I will have to take control. Greg Smith will deal with economic recovery.

Q48 Greg Smith: Thank you very much, and good morning to the witnesses. Given that Covid has changed the world and there are some predictions that passenger numbers will not return and will only recover to 60% of pre-Covid levels—some say 80%—what do you think the impact of some of these reforms is going to be on that, particularly from a taxpayer subsidy perspective? Will the taxpayer have to bail out the railways for many decades to come, even with these reforms, given that passenger numbers may not recover?

Sir Peter Hendy: This is an immediate issue that demands attention well before GBR is set up as a corporate body. Most of our attention is being paid to the fact that we cannot expect the Treasury to continue to pay, as it has done for 15 months, for a very good railway but with very few people on it.

One of the things that is obviously needed is a much more dextrous approach to the renaissance of demand than the old railway had. Two timetable changes a year: how desperately slow is that? Most of them took 18 or 24 months to be formulated. We are doing our best, and working harder together than we have done for a very long time, to address those issues immediately. There is a lot going on to monitor exactly what demand is turning up in different sectors—leisure and work.

All I can say is that we are entirely focused on it. We have had huge amounts of money from the Treasury. It cannot continue. The railway has to operate better and save money, too. Working together is the best way of achieving that.

Q49 Greg Smith: Andy, very briefly?

Andy Bagnall: I will be very quick. I echo Sir Peter's points. The current level of public subsidy is unsustainable. The previous public partnership doubled passenger numbers. If we get the detail of these reforms right,



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and get the relationships right between the parts of the system, private sector train operators can restore passenger numbers again. That recovery of demand will be the fastest way of restoring the health of the industry's finances, but within the decentralised system we must give operators the hands on the levers that they need to really drive that recovery. Getting the detail right in the system and getting the right flexibilities will be absolutely key to restoring finances.

- Q50 **Greg Smith:** Very briefly, because we have gone over time, if that modelling turns out to be wrong, and we cannot get passenger numbers back because working from home becomes a thing that people do going forward, and you do not get the return in leisure travel, how will that impact long-term viability if you do not get the numbers?

Andy Bagnall: Could I say one thing on that? I am optimistic that the railway can recover in terms of passenger numbers. It has weathered previous pandemics. It has weathered world wars and passenger numbers have recovered. I am optimistic about demand recovery, but it is not going to fall into our laps. It is not going to be straightforward and it is not going to happen immediately. We will have to work at it. Clearly, patterns of demand may be different, as you say. Our modelling suggests that there will be more working from home, but there may be opportunities to boost leisure travel as people want to see family and friends again, as well as taking more staycations. If we get the reforms right, and flesh out the detail of building on the foundation that the White Paper gives us, I genuinely believe that we can recover demand and, in doing so, restore the industry's finances.

Greg Smith: Thank you very much. The clock has beaten us, so we will have to leave it there.

- Q51 **Chair:** Sir Peter, I was going to ask how you have the bandwidth to deliver what you are doing right now with the advent of this new change. Can I write to you and get your thoughts on that front? That would be most helpful.

Sir Peter Hendy: Of course.

Chair: A big thank you, Sir Peter Hendy and Andy Bagnall, for giving us such fulsome evidence. I am sorry that we were hurrying you along. We are most grateful for your time. Do feel free to stay for the final session.

Examination of witnesses

Witnesses: Grant Shapps, Keith Williams and Conrad Bailey.

- Q52 **Chair:** For our final session, we have three witnesses. I will ask them to introduce themselves, starting with the Secretary of State.

Grant Shapps: I am Grant Shapps, Secretary of State. I do not know if you want me to say anything further; I will be guided by you.

- Q53 **Chair:** I will come back with a specific question as an opener. You also



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have Conrad, your official, with you.

Conrad Bailey: I am Conrad Bailey, the director general for rail strategy and services.

Keith Williams: I am Keith Williams. I was the independent chair of the Government review. My background is in airlines, customer service and employee relations.

Q54 **Chair:** Welcome to all three of you. I am going to ask if we can have brief responses rather than a long opener, Secretary of State, so I will ask you my sole question.

This has been phrased as a shift of risk, reward and control from the private sector towards the public sector. Is integration a price worth paying for the taxpayer?

Grant Shapps: In short, yes. The way that we have been running our railways, as I am sure you have been hearing from your evidence, and the Select Committee has looked at it before, has made increasingly less sense as time has gone on. The inability to weigh up choices, to move as a single body and to remove duplication from the process has led to enormous inefficiency and in some cases, such as the 18 May timetable change, total disaster.

We are all here because we believe in the railways. We think that they are here to stay. They are one of the best ways to move around the country, with a fraction of the carbon footprint of other modes of transport. If we have that belief, we might as well get together and make this thing work for the passenger and for the taxpayer. We think that the Keith Williams model is the way to do that.

Q55 **Chair:** Thank you. Keith, here is my sole question to you before I hand over to Members. There has been some time from your draft until publication. Notwithstanding the coronavirus implications, how different does the White Paper look from your original first draft?

Keith Williams: Not much, actually. The review started almost three years ago, and it was pretty much ready by December 2019; and then, as you said, the pandemic came into force. The tenets of the review have remained exactly the same. Clearly, there has been an emphasis on financial sustainability, and your questions have been about that, so we reviewed that, but the tenets of the review have remained exactly the same.

Chair: Thank you both for the succinct answers. The next section is about the industry structure and accountability, and we will run it until 11.05. Chris and Gavin will ask questions.

Q56 **Chris Loder:** Good morning everybody. Good morning, Secretary of State. When Great British Railways as an organisation is established and running fully, who will actually be accountable for the delivery of our railways?



Grant Shapps: Essentially, the equivalent of what the media like to call “the Fat Controller”. It will be the single guiding mind, Great British Railways, with the head of that organisation—the chief exec, presumably—accountable for it and answerable to Ministers, who in turn are answerable to Parliament. It will be a far more straightforward structure of accountability than exists at the moment. As we all painfully saw some three years ago, it was very difficult to answer your very straightforward question under the then set-up.

Q57 **Chris Loder:** Indeed. What would you say in response to those critics who might suggest that this is all a bit of a Network Rail takeover? What would you say in response to those sorts of challenges?

Grant Shapps: It is factually not the case. Essentially—apologies to any colleagues involved—Network Rail is an engineering outfit. It does not run the ticketing. It does not run the trains. Great British Railways will be an entirely different type of organisation. It will be the single guiding mind, designed to put in place the passenger service contracts and make the railway operate through a single vision.

It has been said before, but it is worth restating. We have looked closely at other models, both domestically and internationally, and the Transport for London model, where the single guiding mind of that organisation, without most people knowing about it, actually lets contracts effectively to London Overground, to, I think, Docklands Light Railway, and certainly to many different bus companies. It is worth looking at that kind of approach and understanding for Great British Railways. It will be a very different organisation. It is not Network Rail. It is something completely new.

Q58 **Chris Loder:** For those areas that do not have metro Mayors—Dorset is a good example—how do you foresee the interaction between Great British Railways and local authority areas that have very clear needs which the railway is not delivering today? How do you foresee that relationship taking place, where there is no mayor layer of government or metro Mayor?

Grant Shapps: We talked quite a lot in the White Paper—I think on page 43, off the top of my head—about the way that we integrate with local areas and provide local influence and direction. As you say, that is obviously if you have a combined authority or a Mayor.

One of the things I have been very keen to do as Secretary of State for Transport is involve properly elected local representatives. For example, you have seen that in my approach to the Beeching reversals; they have not been allowed to go ahead unless they have had the support of the local MP. We have not even taken them to the next stage. As a fundamental creed, I strongly believe in the idea that properly elected local people should be accountable for what goes on in their area. MPs, leaders of councils and politicians are often exactly the right people to know where the emphasis should be in a particular area.



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Great British Railways will work in a new partnership with regional divisions, whether that is a town or a city, providing some control over local ticketing servicing, stations and the like, and being responsive to local priorities in a way that is impossible under our current set-up. As a Member of Parliament, as we all know, you can meet your local train operator or operators, but they will palm you off and tell you that you have to talk to Network Rail, who will then say it is not quite them. When all of this comes together under one roof, it will make it a lot more straightforward.

Chris Loder: Thank you very much.

- Q59 **Gavin Newlands:** Good morning, Secretary of State, and Keith. You may have heard the evidence given in the last session on the devolved aspect. Obviously, the train aspect has been devolved. Keith, you answered the question from the Chair at the start, but has anything changed from your initial report to this report in terms of devolution?

Keith Williams: No. I will give you a bit of background. I spend quite a lot of time in Scotland actually, listening to both Scotland and Wales on the effect of devolution. I echo what Sir Peter said earlier. In Scotland, Alex Hynes has a great relationship with the Scottish Government through Network Rail, and that will continue through GB Rail. I echo a lot of what Peter said, which is that in many ways the existing situation prevails in Scotland going forward.

The only thing I would add to what Peter said is that, overall, one of the things that passengers in Scotland, England and Wales said to me was that they wanted the railway to operate as a network. There is definitely a regional structure within the network, if you like, and it is important to take account of that. Scotland is very much as it was.

- Q60 **Gavin Newlands:** Thanks for that. Secretary of State, in terms of that answer and what has been said elsewhere, the Williams-Shapps plan says that we should end the fragmentation of the past and bring the network into a single national district. As Keith Williams has just said, despite the barriers that exist, a big effort is being made in Scotland at the moment to try to run it almost as one outfit. Why not just formalise it? Given that 92% of rail journeys in Scotland are entirely domestic and not cross-border, why not just devolve Network Rail functions to Scotland?

Grant Shapps: Because we are the United Kingdom, and we believe in an integrated rail network across the country.

- Q61 **Gavin Newlands:** But you are arguing against your own point in the report. Ninety-two per cent. of Scotland rail journeys are within Scotland, so if you are saying that ending fragmentation is your goal, why continue that fragmentation in Scotland? Why should Scotland continue to have to jump over barriers to put those relationships in place?

Grant Shapps: I think we are confusing an argument. You may be pursuing a more nationalist argument than this rail paper was about.



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Currently, we have a situation where Network Rail runs the infrastructure in Scotland and where the Scottish Government run ScotRail. That situation is entirely unchanged by this paper. The idea is to continue with the infrastructure in Scotland with Great British Railways. I understand that is not something you want politically, but that goes rather beyond the scope of this paper, which, as Keith said, aims to continue to work with the excellent relations that, frankly, exist on the ground. While I accept that many journeys are within Scotland, that still leaves a lot of cross-border journeys as well, and Great British Railways will help to ensure that the whole process runs together.

Q62 Gavin Newlands: I promise you that I am not making a nationalist point. I am not one for flag-flying, for a start; I am echoing the points made when I meet those who run Scotland's rail. There is one final point on that. Can you confirm whether there is anything in the plan or the potential legislation that would prevent the devolution of Network Rail's function in Scotland to the Scottish Government or Welsh functions to Wales?

Grant Shapps: There is nothing in the plan that will create the devolution of those services. The clue is in the name: Great British Railways. The plan is to ensure that we have a network that runs across this island of Great Britain in a way that is as planned and co-ordinated as possible, so that we do not end up with 2018-style timetable meltdowns. We will know who is in charge, and all the rest of it.

On the other hand, and reassuringly from your perspective I am sure, the existing devolved authority in Scotland will continue and be exercised in exactly the same democratic way as it is at the moment. For example, I know that the Scottish Government said that they want to use the operator of last resort for ScotRail. That is a Scottish Government decision. Nothing in the White Paper changes that situation.

Q63 Gavin Newlands: Can I ask a more technical and specific question about access for all? I will come back to you, Keith, if I may. The station improvement fund—access for all—is being rolled into central accessibility funds. In your view, how will the current relationships between Transport Scotland and DfT be affected by how that funding is accessed?

Keith Williams: Again, as the Secretary of State has said, I do not think there is any change. The position remains the same, as far as I am aware.

Q64 Gavin Newlands: I think some of these questions might not have been necessary if there had been more engagement, not from yourself Mr Williams, but when the initial plan was—

Chair: Keep an eye on the time.

Gavin Newlands: Since then, there has obviously been no engagement with regard to the actual current plan. Given the time, and as I think Chris wants to ask another quick question, I will hand back to you, Chair.



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Chair: Indeed. We have until 11.05, so back to you, Chris.

Q65 **Chris Loder:** Thank you. The factors that determine the success of Great British Railways, given that we have been through quite a turbulent period of railways over the years, and of course notwithstanding the Labour party's 2005 Railways Act which made some significant changes that did not work, what in your mind, Secretary of State, are the key measures of success for GBR to be successful?

Grant Shapps: The simplest and most direct one, once we have gone through all of these changes, which I should point out are a lot more than published in the White Paper, and eventually will need legislation as well, is that the public will see their trains running more on time. When I became Secretary of State, as a frustrated commuter, I said, "I just want our trains to run on time. I want every single person in the rail network to be focused on that agenda."

One of the great criticisms that Keith has reflected in his work is that the organisation is pulling in so many different directions that actually, oddly enough, running the train on time was sometimes nowhere near the top of the priority list. That was best represented through the franchises, particularly before some changes were made to them. On-time trains were not a particularly significant part of the way you got paid. All of that will change, and I think the single best measurement would be that trains become more reliable.

Q66 **Chris Loder:** Where do regional connectivity and frequency feature in those success factors? I say that, as you probably well know, as an MP representing a constituency with the poorest frequency line in the country.

Grant Shapps: We talk about passenger needs quite a lot on page 17. They are right at the heart of the reason for doing this. The first sentence of the foreword, for example, from Keith and me, says: "We want our trains to run on time." That is because we want to put the passengers first. We recognise that it is not just trains failing to run on time but the complexity of buying a ticket and working out, when you get into the ticket hall, which of the two or three different machines you are supposed to use to buy a ticket for the journey. Why are tickets purchased on one line not available for use on another? Why am I buying a ticket at all? Why can't I just contactlessly tap in and tap out across much more of the network? The reliability and integration thing is absolutely at the heart of these reforms.

Q67 **Chris Loder:** Will you be able to confirm whether or not the current franchise boundaries will be up for review as part of this proposal?

Grant Shapps: Keith might be better to speak to that. The White Paper proposes specific regions, although that is probably the wrong word; they are called regions, but they are not regions quite as we know them.



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Keith Williams: I have a couple of comments. Going back to the previous question, satisfaction in rail reached a height in about 2013 or 2014. I think it was at about 83%, and it has been in decline. To your previous question, I think bringing the trust of passengers back to the railways is the key to the reforms. That will bring ridership back at the same time. That is to answer the previous question on how we grow the railway.

On the regional question, as you know, we have GBR and then we deliberately set up regional bodies underneath it. We spent quite a lot of time in the review looking at how those regional bodies should be formed. In the end, it came down to a sort of Network Rail construct. Network Rail had recently changed its own construct, so we followed that from expediency, to make things simple. To your point, the idea is to bring the region much closer to the locality, whether that is a metro Mayor, a partnership or a community, or—

Q68 **Chris Loder:** Thank you, Keith. That's absolutely fine. I think we fully understand that. Just to summarise before I hand back, the franchise boundaries as they stand today are up for review, and we could see for example the boundary between the Great Western and the South Western franchise completely change from what it is, if it is in the interest of—

Keith Williams: Yes, in the interests of competition as well, obviously. Things might change as competition develops.

Chris Loder: That's fine. Thank you.

Chair: Let's move on to the retail revolution. We will start with Simon Jupp.

Q69 **Simon Jupp:** Thank you, Chair, and good morning to those on the panel. Pay-as-you-go journeys, automated compensation and flexible and digital tickets: obviously, there are huge reforms and big changes. What is your timeline for rolling out those reforms? I will ask the Secretary of State first.

Grant Shapps: First of all, some of it will require legislation and big changes and will take years to get to our final state. However, some of it is much quicker. Starting in less than a month, on 21 June, we will be selling flexible season tickets, which have never been available before. It was always very difficult to deliver these things previously because of having to work across multiple train operating companies. They will be on sale on 21 June and available on 28 June.

Some of it is very quick, but some of it will take longer. I am thinking about the way that we digitise more of the ticket process. There is the fact that nearly half the tickets are paper. There are problems of one ticket not being accepted on somebody else's network, and so on. Some of it will take longer to untangle, but the benefits are literally immediate, partially through Keith's vision for the railway and because of what has



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happened given coronavirus, which has provided us with the ability to get on with this much sooner.

Q70 Simon Jupp: You mentioned that some of the changes might take years. I anticipated that some of the reforms, as you set out, are much easier to implement than others. When you are talking about years, do you have a timeframe in mind?

Grant Shapps: Yes.

Q71 Simon Jupp: I am talking about specific deliverability.

Grant Shapps: Yes. By the end of this Parliament, you will have seen very radical changes. Great British Railways will be in existence formally rather than progressing to operation. We will see immediate changes as early as next month, as I say, and in many ways the changes have already started. Knowing that the White Paper was coming up, we have started to move towards passenger service contracts, via a national contract which is coming in at the moment, and the ERMA's and the EMAs before those. We have been moving in that direction all the way through.

You will note that the legislation is not in the Queen's Speech for the current Session, but that is because we needed the White Paper first. There is a whole bunch of things that we need to develop before we get to legislation, but you would expect to see legislation during this actual Parliament.

Q72 Simon Jupp: How will you ensure that the timetable will not slip? Like everyone else, passengers included, we want to see the positive changes that you are making implemented sooner rather than later.

Grant Shapps: We want to bring together the efficiencies of what we are doing as quickly as possible. There is pressure on us to deliver that. At the moment, there is an enormous sense of duplication in the system; 400 people work to attribute blame for why a train is not running. As I described in the House last week, the size of the bird that hits the train has to be determined after the bird's sad demise, and hundreds of people are involved in the process.

These efficiencies can get going very quickly. There is big pressure on us to do that because we want to bring people back to the railway. We know, for example, that flexi-tickets are an important part of recognising the world as it is post pandemic, which is why we are rushing to bring them out as early as next month. They will be on sale on the earliest possible day for the fourth unlock. Conrad or Keith might want to comment on this more, but the timeframes we have in mind are very progressive and forward leading, as perhaps Conrad can explain.

Q73 Simon Jupp: Mr Williams, do you think that the timetable is deliverable within the timescale set out by the Secretary of State?

Keith Williams: I believe it is, but don't underestimate how far rail is behind other industries. There is a lot of work to be done. It comes down



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to two things: people and technology. We need the right people in place very quickly to make progress very quickly. Nigel Harris mentioned Andrew Haines, and you have met Sir Peter Hendy. Then we need the right technologies in place. A lot of the ticketing things that need to happen are dependent on webs and apps that do not exist today. We need to develop those quickly.

Q74 Simon Jupp: I will bring in Conrad briefly. Is there anything you want to add on the timescale and the deliverability of the proposals?

Conrad Bailey: I have two brief points. The legislation is an area where we need to do a lot of work collaboratively across the sector to ensure that we get the detail of the reforms right, and that they deliver when Great British Railways is established. In the meantime, the Secretary of State and Ministers are holding us very much to account for delivering the early passenger benefits. Flexible tickets are a good example, but we know that there is more we need to do in the area of accessibility and other areas where you would expect us to be making early progress.

Simon Jupp: Thank you. I'll hand over to my Committee colleague, Robert Largan.

Q75 Robert Largan: Thank you, Simon, and good morning to the witnesses. Secretary of State, like many rail passengers I am very excited at the prospect of the flexible tickets that are due to start. How much cheaper will the flexible tickets be compared to monthly season tickets?

Grant Shapps: If we were to compare a flexible season ticket with the equivalent monthly season ticket, the minimum discount would be 20%.

Q76 Robert Largan: Considering the huge impact that Covid and the pandemic has had on patterns of commuting and working in the office, if, as people start to return, it is clear that not enough people are being enticed back to travelling by rail, will you review the cost of flexible tickets and season tickets to consider whether they might need to be cut in price?

Grant Shapps: You will forgive me, but I do not want to front-run my Treasury colleagues by writing a future Budget. One thing is obvious. A lot of this is tied up in the broader economic recovery and return to the office, both of which are to some extent matters outside our hands. People will model this in different ways, but I detect that there is probably quite a lot of pent-up demand to get out; there are a lot of people who want to get back to the office. There is recognition that, lovely as it is to sit here on yet another Zoom for the day, a lot of people crave the spark and the collegiality that comes from working together. We think that over a period of time people will return to the railways. It is our job to do our bit to make it clear that we get the fact that people are not necessarily going to be buying a season ticket.

In point of fact, season ticket sales have been on the fall for years. This is not entirely a coronavirus trend. It is probably something that needed to



happen anyway. Thanks to these reforms, and with that flexibility, we are able to deliver something that was becoming more and more necessary.

Let's see where we are. We are still in the stage three unlock at the moment, so let's see what happens once people are able to travel. I think it will be reassuring to people that the flexible season ticket will make it more affordable.

Q77 Robert Largan: Absolutely. As I said, I very much welcome the introduction of flexible season tickets.

Another aspect of changing patterns, of course, is peak rail times. Are there any plans to review when peak times are for tickets? Is that something that is being considered?

Grant Shapps: Let me make a generic comment, and then maybe invite, if appropriate, either Keith or Conrad to say something.

First of all, what the 18 May timetable change was trying to do, as I understand it, was maximise the capacity of the railway that we have, but because of the way that the timetables have grown up over a long period of time the track was not being used particularly efficiently. That was a big failure of the system. We have never really had the opportunity to build this from ground up.

One of the things that has happened now, because of lower transport numbers and rebuilding back from Covid, is that we have options to do that rather more intelligently. On top of that, we have the single guiding mind of Great British Railways and the devolution that we were talking about before—in other words, taking local needs into account in a much more structured way.

It is my contention, and the purpose behind the White Paper, that we will be able to build a railway that is more responsive. Rather than having 12 or 15 different railway companies bidding for their bit of the track, we will have, as in Transport for London, a much more thought-through and, therefore, efficient way to use the track itself. I wouldn't mind deferring to Keith or Conrad, who are experts on timetabling. I think Conrad would be the person to go to.

Conrad Bailey: The work we need to do as customers begin to come back on to the railway is to understand how demand is changing, and then make sure that we are optimising the timetables we offer. I think I heard Sir Peter Hendy say earlier that we will need to have a bit more flexibility in how we timetable so that we can respond with greater agility.

The other thing that we are going to do to ensure that we have the agility to respond is to use our new national rail contracts, which are the bridge to the future passenger service contracts. They will allow us a much more collaborative approach, both with the operators and Network Rail, so that we can adjust services and make sure that they deliver what passengers need more easily.



Keith Williams: I have three additional comments. This is actually covered on page 70 of the review, which acknowledges that peak may need to change because of customer behaviour, as you have said. It also says that off-peak should be protected. Lastly, on Conrad's point, to improve ridership, particularly on long distance, we are not looking at a one-size-fits-all solution for rail. We must try to bring back ridership by bringing in more flexibility for operators.

Q78 **Robert Largan:** Thank you. There is one extra point when peak is being reconsidered that might be worth factoring in. We are not just talking about standard commuter lines. There are other railway lines like the Hope Valley line at Edale that are not particularly busy during rush hour in the working week, but are very busy on the weekend when people come to visit to go walking. Perhaps that is another opportunity to rethink, to be flexible and think about how it operates on the ground. Are there any further thoughts you might have on that particular suggestion?

Keith Williams: It is a great point. That is why we said in the review that we should not have a one-size-fits-all solution. Your example is exactly what we were looking at in terms of bringing in flexibility.

Robert Largan: Thank you very much, panellists. It is good to have some useful answers. I am very excited to see these reforms pan out.

Chair: We are now going to go until 11.25 or longer. Members, please keep to time. I am doing my best, so please do yours. The next topic is the new way of working with the private sector, with Chris Loder and Grahame Morris.

Q79 **Chris Loder:** Earlier in our evidence session, Nigel Harris shared with us the observation that 29 civil servants were there to procure purely for the West Coast franchise. If we add up all the 20-plus rail franchises, there is a considerable size of the civil service dedicated to doing that. Conrad, are the White Paper recommendations going to lead to a considerable reduction of the civil service in terms of numbers and bureaucracy for our railways?

Conrad Bailey: I will start off on the bureaucracy point. The whole aim of Great British Railways and the new relationship with the Department for Transport is to make it a much simpler and more streamlined approach, and to take out many of the interfaces in ways that should make life much easier so that we can really focus on delivering more for passengers and freight users.

In terms of the impact on DFT and the civil service, we expect that many of the skills that are currently required in government will be required either in government or in Great British Railways as we go forward. There will be the ability to procure the new contracts and to manage them. I think it is too early to say exactly what the detailed implications will be for DFT numbers specifically. As I say, what we expect is that the sort of skills that we have in DFT and Great British Railways will be needed in the future.



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Q80 Chris Loder: Is there a risk of DFT or civil service bureaucracy being absorbed into GBR?

Conrad Bailey: That is certainly not the intention in any way. What we need is a much more streamlined and efficient way of working with the private sector.

Q81 Chris Loder: But at the moment you are not able to say that there will be a reduction of numbers in terms of the bureaucratic elements and real tangible roles. There will not be a reduction of those to make that more streamlined.

Conrad Bailey: At this stage, we are still developing the implementation plans. I cannot give you an answer on exact numbers across either DFT or Great British Railways. We are still in the process of design.

Q82 Chris Loder: Keith, very briefly, do you have any observations on the points that I have just asked Conrad?

Keith Williams: The one thing I would say is that it comes back to culture. A number of the questions have been around the culture of Network Rail or the culture of the DFT. When we set up Great British Railways, it has to be different. One of the things I have stressed throughout the review is that it needs to be different from what has gone on before on both sides, DFT and Network Rail.

Q83 Chris Loder: On the accountability point, one of the things that I have certainly experienced in my time as an MP is that you can ask a train operator a question and they will say, "Go to the DFT." When you go to the DFT and you ask the question, they say, "Go back to the train operator." It is not so much about Network Rail and the train operator; it is the DFT and the train operator. Conrad, can you confirm that the sort of nonsense that goes on today will not go on in the days of GBR when it is formed?

Conrad Bailey: Under the new model, GBR would be the single point of accountability, where I would expect people to be able to go and get answers. That is exactly the aim. It is to avoid the sense of not only MPs but anyone being passed from pillar to post across what has been a very complicated system.

Q84 Chris Loder: So if I want to go and lobby for a particular railway line, for example, I can just go to one person, and that one person is going to have the responsibility and capability to sort it out. Is that basically the territory we are in?

Conrad Bailey: The design is aimed to be that Great British Railways will—

Q85 Chris Loder: I am not asking about the design of the aim. I am asking whether it will be in reality.

Conrad Bailey: Yes. That is exactly the intention.



Q86 **Chris Loder:** Wonderful. Thank you very much. That is an excellent answer.

Keith Williams: This goes to the heart of one of the issues from localities and from Mayors. They always felt that they were being passed from pillar to post. The construct and structure is designed to solve that problem.

Q87 **Chris Loder:** Wonderful. That is excellent news. Secretary of State, I will come to you next, if I may. Private sector involvement in railways over the years has clearly been up and down. We have seen the exit of some quality operators in recent times, whether that is National Express, Stagecoach or whoever. Do you foresee a risk going forward that we will see more private sector operators withdraw from the railway or more private sector operators either return or get involved in railways for the first time?

Grant Shapps: Definitely the latter. One of the issues that private sector operators have had is that the franchising process has become ever more complicated, with new requirements layered on what came before, to the point where eventually they probably felt that they were not masters of their own destiny. As you point out, some of them said, "Actually, this isn't for us," and walked away.

We want to simplify the whole process. We want to make sure that passenger service contracts are easily understood and that you know what you have to do. What you need to do is deliver your trains on time and make them clean and comfortable. That is how you get paid. At the moment, it is too complex and it has pushed people away.

The ideal that Great British Railways will be shooting for will be to bring more private sector companies in to bid for the contracts, including, for example, potentially other experts in transport. There are bus companies that have never had anything to do with the railways. There will be new companies that are not about running the trains themselves but have fantastic expertise that we should be able to unleash in this area. There will be innovation in areas of customer service, fares and ticketing, data and banking. There are all sorts of things which should mean that overall, in the end, we end up with more private sector enterprise in our railways rather than less.

Q88 **Chris Loder:** Very briefly and finally—this is probably a question for you, Keith—one of the greatest difficulties that we experience is not only getting a decent frequency train service, in my case on the Heart of Wessex line, but how infrastructure enhancements are prioritised and how Network Rail makes those happen. We have not really talked very much about that, but it is very important to me and a lot of colleagues that enhancements are duly prioritised. How do you see that changing in the GBR proposal?

Keith Williams: That was one of the reasons for bringing track and train together. What I saw during the review was that there was a disconnect



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between, if you like, enhancement and maintenance, versus actually operating for the public. One of the benefits of bringing track and train together is to solve that very issue, and make sure that passenger disruption is minimised through proper planning between operation and track.

Chris Loder: Thank you.

Q89 **Grahame Morris:** Perhaps I might develop that a little further in relation to the train operating companies. You mentioned, Secretary of State, that your anticipation was that the existing operators would remain, and that new operators would be attracted to invest in the service.

Can you clarify that? At the moment, you are displaying our country's flag behind you very proudly—"Hear, hear," says Chris Loder. Isn't the truth that we have a state-owned rail system, but the problem is that it is the Italian state, the Dutch state, the German state and the French state who actually own the train operating companies? We have the most expensive ticket prices in Europe, and the profits generated are not going to the British Treasury to reinvest in the railways or to pay for services, but are subsidising train fares in Germany, in Holland, in France and elsewhere. What is your view of the continued involvement of foreign state-owned operators?

Grant Shapps: My view is that we probably have quite a fundamentally different view of capitalism, in truth. In fact, what has been happening, if you talk to those operators, sadly for them, is that they have been losing rather a lot of money for their taxpayers. That is why the approach has not really been working for them and why some have been dropping out. Your characterisation that this has been racking up great returns is inaccurate.

If you operate a decent service and you provide it to the public in a clean, efficient and on-time way, I think it is worth making a management fee payment in return for expertise and ingenuity. In doing so, when you have those bodies competing against each other, the winner is the taxpayer and the passenger. We probably have a fundamentally different view.

Q90 **Grahame Morris:** I am sure we do, Secretary of State. I will come back to that in a moment, but there is one specific question that I have been asked to ask. It is in relation to whether it will be possible to settle all the terminations of the franchise arrangements without litigation. If it is, when do you anticipate that that will happen? I do not know whether that is best directed at you or one of your colleagues.

Grant Shapps: Let me give you the overview. That work is being done. I think we are in a position of settlement, but I defer to Conrad.

Conrad Bailey: That is correct, Secretary of State. The agreements have all now been settled, very recently. We are now able to look forward and



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work on the series of national rail contracts that we will be contracting over this year.

Grahame Morris: Thanks very much.

Grant Shapps: It is also fair to put on record—because I do not think it has been said elsewhere and it is an excellent question—that that has meant quite large sums of money back to the British taxpayer through the termination settlement process.

Q91 **Grahame Morris:** But can I remind you, Secretary of State, that over the course of the last week, the DFT announced that they have paid over £80 million in fixed fees over a six-month period for running the railways during the pandemic? That is mostly to foreign state-owned private operators.

An issue I raised with the earlier panel was in relation to the ROSCOs, the rolling stock companies. A number of those have been heavily subsidised. I notice that they have been paying out substantial dividends to shareholders, which ultimately come from the taxpayer. Is that something that you welcome, or do you have concerns? Would you consider capping the costs to the leasing companies, to the ROSCOs?

Grant Shapps: I will make just a couple of points. First of all, on the amount of money it has cost to have those companies run the service through the pandemic, we have been paying them a small management fee to run services. It is of course true, against the millions that you talked about, that the entire system has cost £12 billion to run, through taxpayers' money. A tiny percentage by comparison has gone to the companies that have been running the actual services on the ground. The ERMA contracts meant that 0.5% was a fixed fee, and up to 1.5% depended on performance.

I was studying the performance figures at the weekend, in a rather geeky way. I appreciate we do not have our passengers there yet, but in most places they are the best they have ever been. I say this tongue in cheek: I hope that does not mean that we have deduced that the way to run services on time is without passengers. The trick now is to bring passengers back and carry on with the excellent performance times.

The second point is that the termination agreements have brought in far more money than the relatively small payments to which you refer. The third point on ROSCOs probably gets a little technical, and I will take that over to Conrad, if I may.

Chair: Conrad, you might want to write to us with your answer. It might be quite technical, and this train is now 10 minutes late. The next subject is the economic recovery and financially sustainable railways. We have touched on it, but I want to give Greg some time.

Q92 **Greg Smith:** We have touched on passenger numbers. Given that Covid has changed the world, there are a lot of people who speculate that



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passengers will only return to 60% or maybe 80% of pre-Covid levels within a reasonable timeframe. Coupled with that, the Government are building new railways. Some are very controversial, but we will not bring that up here.

Secretary of State, what happens if passenger numbers do not return as this new world comes in? I support most of the reforms in the paper, but what happens if passenger numbers do not return? Is the Treasury braced for that?

Grant Shapps: First of all, I want to put on record my thanks, on behalf of passengers everywhere and on behalf of our key workers, to the Treasury. As I mentioned before, £12 billion has been required to support the system while we were forcibly telling people that it was illegal to leave their home for all but a very few reasons. They really stood up when we needed their help.

Secondly, your question could be asked at any time. What if X happens? What if Y happens? What if passenger numbers do not return? We have sufficient belief and faith in the ability of the sector to turn itself into a reliable, comfortable natural first choice such that people want to use the railways. I have a very good example at my local station. A couple of years ago, contactless was put in, even though we are not in the Oyster London zone. It works in conjunction with the Oyster London zone, so you tap in on your phone or your credit card and you walk out the other end. I have noticed in my own behaviour and that of my constituents that we are now much more likely to jump on the train than take our cars, because we have removed the friction from that journey.

Why weren't we rolling that out everywhere anyway? The answer is that, if you are working across different transport operators and different train operating companies in order to get there, it is impossible to create the deals to put it in place. We will now be able to do those things. Whatever the future situation on our railways is, I am absolutely certain that it will be a good deal better than it would have been if we had stuck with the existing situation. Things like flexible tickets, moving to contactless and having an intelligent system, designed with a single guiding mind, will give us our best possible chance of getting there.

Finally, I am firmly of the opinion—as is the Prime Minister, and we have discussed this many times—that the shortcomings of video-conferencing mean that people will want to go out again. The efficiencies of video-conferencing, and the fact that you can now attend several meetings in a day, mean that overall economic productivity will probably improve over a period of time. That in itself will, as always happens when the economy improves and grows, lead to more travel potentially for other reasons.

To answer your question, we have a lot of faith in rebuilding. Either way, the approach that Great British Railways puts in place gives us the best opportunity to grow passenger traffic. Beyond that, I cannot predict everything about the future, but there is a high degree of confidence



about it. I heard a Committee member mention the Spanish flu or two world wars. Other short-term impacts did not prevent an overall expansion in passenger numbers, which we were seeing right up to 2019, when our railways had never ever been busier.

Q93 **Greg Smith:** Thank you. Very briefly, because I am aware that the clock is against us, are there some hard lines set that passenger numbers need to have returned to by a certain point, say in two years, five years, 10 years or whatever it may be, and then the Treasury says, "Beyond that, you are going to have to look at something else. You're going to have to look at service levels, staffing levels or whatever it might be"? How long will the public subsidy stretch?

Grant Shapps: There is not that sort of formal agreement in place, not least because everyone understands that as we recover from the Covid-19 pandemic—with the road map not even being at step four yet—it is impossible to properly judge. It is not that we have not carried out an analysis—many others have as well, including think-tanks and other experts—but the range is from down here to up there. The short term is the wrong way to think about this. The medium term, as I suggested in my last response, is the right way to think about it. You do not build a railway for a year or two. We are still using the west coast and east coast main lines after 170 years. We need to judge this over a longer period of time, particularly when it comes to rail investment.

Greg Smith: Thank you. Mindful of the clock, I will hand back.

Chair: Greg, thank you for being so efficient. I will hand over to Gavin on cleaner, greener railways. Perhaps we could do just one or two questions.

Q94 **Gavin Newlands:** I will try to be brief, Chair. In terms of the importance of—*[Inaudible]*—a cleaner, greener railway is obviously to be welcomed. The track record over the last 20 years, if you will pardon the pun, has not been great, but this is a welcome report. How will the reforms actually help to deliver a greener railway?

Keith Williams: There are a couple of things. One is setting out a 30-year strategy under a whole-industry strategic plan. It is important to have a long-term vision. That is particularly true of green issues; you need a long-term plan.

Secondly, as you can see in the White Paper, we are trying to promote freight. Freight is about 13% of the network at the moment and gives great opportunity to bring transport to inner cities. Part of the White Paper is devoted to ensuring that freight has a role in rail going forward.

The last thing is that it fits around the decarbonisation plan that the Government are due to bring out in the near future.

Q95 **Gavin Newlands:** Given that you brought up freight, perhaps I could ask you this as well. In our report on a train strategy for the future, we strongly encouraged modal shift from road surface transport to rail



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freight. We are not really seeing much evidence of that. Do you think that a national rail freight strategy might be the way ahead to try to get that done?

Keith Williams: From everything I see and hear, in Scotland you have been successful in promoting freight. I think there needs to be a policy for freight. There also needs to be protection for freight, in part because if freight itself is to invest in rail over road, it needs a long-term vision. The infrastructure is expensive for the freight companies, and therefore they need a long-term view of sustainability and that, I think, is key in the White Paper.

Q96 **Gavin Newlands:** One final question to the Secretary of State. The plan says that further electrification projects in England will be announced shortly. When will that be?

Grant Shapps: Today, actually. I have been on the media this morning announcing £401 million, of which £317 million is for the electrification of part of the trans-Pennine route. There is completion, or near completion, of a £1.5 billion upgrade of the midlands main line for electrification as well. The process is ongoing. You have heard me say this in the House many times over. I forget the exact mileage, but we have so far electrified 1,118 miles. That compares with something like 60 or 80 miles under the previous Government. I am sorry, I don't have the exact number here. We have really accelerated the electrification of the service.

The final point is that there will be places that are never right to electrify or are impossible to electrify. We need, for example, battery and in particular hydrogen as other options. I have been on the HydroFLEX train, which is a hydrogen train being developed with Government funding. I set up the Tees Valley hydrogen hub as well to help develop technology for more hydrogen trains on our network.

Gavin Newlands: My last question has a yes or no answer—

Chair: Gavin, I am sorry, but I have to take this back. We have run out of time. Grahame, the last question to you.

Q97 **Grahame Morris:** Secretary of State, what is your message to all the key workers employed on the railway who worked so hard during the pandemic? How is the White Paper going to affect them, and what can they expect? They have had a pay freeze. Can they anticipate job losses? We have heard some rumours about Network Rail's plans. What is your clear message to them on their role?

Grant Shapps: That is an excellent question. First of all, a huge thank you to them. I think they have successfully helped the country to keep going during this pandemic and have brought many key workers to hospitals and other places of work. We would have been stuck without them, and that is before we talk about the freight impact as well. A huge thank you to them.



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Secondly, everybody in our discussions, even including the unions, recognises that there is a great deal that is outdated about the way we operate our railways, not least, frankly, the conditions that a lot of rail workers have to operate in. I have seen, for example, the changing rooms and the unmodernised facilities where they have to operate. There is no excuse for that in the 21st century. We can do a lot better.

I refer you, though, to page 96 of the White Paper. We talk there about the workforce and how, during the pandemic, we stepped in to save every single rail job, without exception, which has not happened in the private sector, of course. It is one of the ways we have stepped in. We want to make sure that we can improve the skills of the existing workforce and effectively modernise it. It is a partnership. As Keith and others have described it, this is a grand bargain to get Great British Railways modernising everything about our railways, including helping the workforce.

Grahame Morris: Thank you.

Q98 **Chair:** Secretary of State, in the last 12 minutes before we wrap up, we want to ask you about international travel. You very kindly said that that would be okay. I will hand over to Ben to do the lion's share. From my perspective, is the traffic light review process for countries changing still scheduled for 7 June?

Grant Shapps: That is right. We will come back in the first week of June with updates from the Joint Biosecurity Centre, which has yet to provide that information to me. They like to do these things as close to the deadline as possible so that they have the most up-to-date information.

Q99 **Chair:** As well as changing the actual countries—perhaps one would hope more will move from amber to green—is there a possibility that the review process might split the mainland from islands, so that even if people cannot travel to Spain they can still travel, say, to Majorca?

Grant Shapps: I have been really keen to stress all along that, methodology-wise, if you can get to an island directly via the mainland, it is fair and proper to consider it separately. At the Joint Biosecurity Centre, they look at a number of different factors. It might be worth pointing out to the Committee that they publish their methodology on gov.uk as well, which is worth looking at.

In addition to things like the level of coronavirus, they are also looking at the level of vaccination. They are very interested in variants, and that requires the ability to measure variants—sequencing capability. In some of the islands, that is missing. An island could appear to look very good, but if you are not sequencing the genome, you do not know whether the variants are part of what might otherwise look okay. To answer your question directly, I have asked the Joint Biosecurity Centre to consider islands in their criteria and, where possible, to look to include them if the facts stack up.



Q100 **Chair:** Could that be done in time for the review on 7 June?

Grant Shapps: Technically, it is possible, but I do not know, because I do not have the data yet, whether any islands make the grade. As I say, people will tend to just look at coronavirus levels and forget about vaccination levels, ability to sequence and quality of data. There are a large number of places in the world where they say, "It's low. Trust us," but the data is not published to the standard that you would expect from the Office for National Statistics, which itself bases publication on internationally agreed standards. Going back to last summer, we dealt with a lot of places where, in the end, we just could not access the quality of data required to make the judgments to keep us safe.

Q101 **Chair:** Ben Bradshaw and I attended a debate in Westminster Hall this week. The Department of Health were answering. They seemed to talk about the risk of mutant strains causing us to have to be ever cautious. Given that that risk will always exist, and the vaccine will always have to keep up, can you offer any optimism at all that we will see travel again?

Grant Shapps: Yes, I think I can. What they are saying is clearly true. You are always going to have to worry about variants of concern, and therefore can you ever travel again?

Let me point you to a couple of statistics that I think really illustrate the concern that the health works will have. I hope they do not mind me calling them that. When I ask Chris Whitty or Patrick Vallance about it, they say this to me. When you are fully vaccinated with two jabs, you are not 100% not going to get it. It is 85%, or something. That is fine, and it probably breaks the train of transmission, particularly given that overall in our country transmissions are low. Right now in this country—I am just looking at the latest available data—we have maybe six or seven fatalities a day. It is six or seven too high, but none the less we know that with flu and other things people sadly pass away.

In France right now, it is 120. In Germany, it is 151. If you take somebody who is fully vaccinated and send them knowingly where the figures are still 10 or 20 times the level of overall infections, even though there is perhaps only a 20% chance of picking it up once you are fully vaccinated, when that person returns home, if they are carrying it, they are still potentially exposing the British Isles to those problems.

What solves that is, in a couple of months' time—or however long in each individual country's case—their catching up with the scale of our vaccination programme. We got out there and vaccinated more than any other country of our size; 73% of adults have had their first vaccine and 44% have had their second. When they have caught up with that, presumably the science will work the same whether you are in France, Germany or Britain. Part of it is just having the patience to let this thing work through the system, I think.

Chair: I could come back on that, but that would be wrong because Ben



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is our most patient member this morning. Ben, the rest of the time is yours.

- Q102 **Mr Bradshaw:** Secretary of State, the British people were promised a vaccine dividend, yet we face much more stringent travel restrictions than our fellow Europeans, who can now travel with a vaccine certificate or a negative antigen test, or than our American cousins.

There was widespread disappointment at how few countries were on the green list—you are well aware of that—not just in the travel industry but among our constituents who are separated from family and loved ones, and people who would just like to go on holiday. Can we expect a significant expansion of the green list when it is announced next week?

Grant Shapps: I just talked about the differentials between deaths and cases here and elsewhere.

- Q103 **Mr Bradshaw:** Yes; I do not think those figures are up to date, by the way, Secretary of State.

Grant Shapps: They are from yesterday. We can argue about the figures, but it is the case that infections and deaths are sadly higher elsewhere than they are here. Clearly, they were higher still two or three weeks ago when we announced the initial green list.

I am the Secretary of State for Transport. I always want people to be able to travel. I have no other agenda than to get people travelling. I also recognise, being part of a responsible Government, that we have to do that safely. After the extent to which people have been asked to lock down for much of the last year and accept vaccinations, you are right about having a vaccine dividend. That dividend means that we are able to start coming out of our houses, as we have done in step three. In step four, we will release even more freedoms.

You are wrong, if you don't mind me saying so—unless you want to challenge it—to say, "The EU has said this." The EU says all sorts of things. What individual countries do within the EU is an entirely separate matter. I was talking to my French counterpart this morning. It is not the case that you can just travel freely. The US was your other example. The United States has Executive Order 212(f) which bans British and European citizens from visiting if you have been in our countries for the 14 days beforehand.

It is not simply a question of us being very generous with our green list and opening up to countries that, as I was suggesting, still have 10 or 20 times the level of infection that we are experiencing and saying, "Well, we're safe." We need to be a bit more nuanced about it. I am not accusing you of recklessness, but we have to follow the science. I buy that because we have been round this circle before. In fact, last summer people were saying, "Why not just open up because obviously we have the vaccines now and that will improve it?" We are not 100%—



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Q104 **Mr Bradshaw:** I am talking about the freedoms enjoyed by other countries' citizens compared with us. Americans, Germans and Italians with a vaccine certificate or a negative antigen test can now travel. Greece, Spain and Italy are currently welcoming British visitors, if the British Government would let us go without all the barriers that being on the amber list involves. Why can't you say now that the very, very limited green list, which was very disappointing for millions of people in this country, will not be expanded at the next review?

Grant Shapps: Sorry, that it won't be expanded?

Q105 **Mr Bradshaw:** That it won't be expanded at the next review. Why can't you confirm that it will be expanded—if you'd rather have a positive.

Grant Shapps: I need the Joint Biosecurity Centre to come back to me. Let me give Spain as an example. I am looking at their Covid deaths for the last seven days rolling—

Q106 **Mr Bradshaw:** I am not talking about the Spanish, Secretary of State; I am talking about the British. It is British freedoms and our vaccine dividend.

Grant Shapps: Sure. You are asking for Brits to be able to go to Spain, and I am trying to point out that what the Joint Biosecurity Centre will be looking at are four different major factors in Spain. One is their level of vaccination. As you know, it is much lower than the level of vaccinations here. You can measure this in many different ways, as you are aware, but I just want to put it on the record because it will be useful for the Committee. If you take our total vaccinations applied, we have 90% vaccination—

Mr Bradshaw: You are completely missing my point, Secretary of State.

Grant Shapps: —and Spain has half of that.

Q107 **Mr Bradshaw:** I am talking about our freedoms and our vaccination levels, not other countries'.

Grant Shapps: But if you send even vaccinated people to other countries, given that vaccinations are not 100% reliable, you are exposing them to risks that they do not have if they stay in the UK. That is fine. You might say that is their risk. But no, if they can bring that back, it is all of our risk. We have to move with the science. All I am appealing for is—

Q108 **Mr Bradshaw:** Why do our current travel restrictions and rules make no differential between people who are vaccinated and those who are not? Other countries do, but we are not making any distinction at all for British people who are or are not vaccinated.

Grant Shapps: Yes, for the reasons that I pointed out. You are right to say that, of course, it has to be kept under constant review. It is worth mentioning that, first of all, we have the review of the green list, which may well lead to an expansion. I have not seen the data yet, but like you



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I very much hope it does. As I say, I am the Transport Secretary and I want transport to happen. That is the first thing and is as early as the beginning of June.

Secondly, we have the review of the protocol itself, which is the thing you are really pushing at here, on 28 June. That will be an opportunity to say, "Should there be different rules in place, for example, for somebody who has been double vaccinated?"

Look, I agree with you. If you have had a vaccination, clearly there has to be a dividend from that. But as the scientists would say if they were sitting here, if you take that very vaccinated population and send them to a place where they still do not have it under control—some notional place in the world—you will bring back problems, even if you send fully vaccinated people there. I think we need to have respect for the science.

Q109 **Mr Bradshaw:** Secretary of State, you have said two or three times now that the Joint Committee on Biosecurity takes vaccination rates into account, but they only use that as a contextual issue. It is not one of the pieces of hard data that they use in making the decisions. Don't you think that is strange? Don't you think they should take more account of both our levels of vaccination and those of other countries, and not just as a contextual issue, when they make decisions on the green list?

Grant Shapps: I am not sure that is right. I invite you to go to the methodology.

Q110 **Mr Bradshaw:** I checked the website just before coming to this Committee. They have published their methodology, and vaccination levels are not a core data issue that they take into account. It is a contextual issue, but it is not one of the main issues.

Grant Shapps: I can tell you that when the information is presented to us as Ministers, there is a grid. The grid takes into account vaccinations as well as data, genome sequencing and the other factors that I raised about variants of concern and the level of overall replication. It is presented in a table that moves from left to right and from bottom to top, and therefore assesses the risk.

I have to tell you; these guys are the experts and I do not have reason to doubt the scientific basis upon which they make the decisions about this. Ultimately, we have to look at those decisions and make judgments. I think it would be a brave and possibly even foolish politician who looked at it and said, "Oh, they think there is risk, but we are going to override that because we don't think their data is correct." You would have to have a basis on which to say that. I can tell you that vaccination is certainly part of the risk profile, not least because the primary impact of vaccination is that you get fewer cases, but in every single country that you have mentioned, bar none, they have higher levels of coronavirus and lower levels of vaccination, as far as I can tell.

Q111 **Mr Bradshaw:** Well, Malta doesn't. Malta has higher vaccination rates



and lower infection rates than us, and they are not on the green list.

Grant Shapps: Let me ask you this. What is Malta's genome sequencing like? What is their data production like? I don't know the answer to those things off the top of my head, but that will be what is looked at in the round. Of course, we have the new list that will come out in the first week of June.

This is not a fixed picture. Like you, I am massively anxious to get aviation and international travel going again. I am also anxious to make sure that we do it in a safe and secure way that does not throw away all the gains we have made in this country.

Mr Bradshaw: Thank you.

Q112 **Chair:** Thank you, Secretary of State. It is notable that all of the inherent risks will probably always exist, so at some point we are either going to have to change our risk appetite or never go to those wonderful places again.

Grant Shapps: If I may, the reason why that statement is a little misleading is that, as other countries come up to our vaccination level and beyond, although there will always be risks in travelling wherever, it will become a less and less important part of the risk factor. At the moment, when most countries do not have 50% first vaccinations in people's arms, the risks are generally higher while they catch up.

Chair: Indeed, albeit we always thought it was about the vaccination of us rather than of others. Of course, we could debate this. It is very good of you to open up from rail to international travel. I am grateful for that, and for your providing that clarity and information.

I am grateful also for your fulsome evidence, and that of Keith Williams and Conrad Bailey, on the Williams-Shapps rail reforms. We wish you every success with those. They seem to be greeted with great excitement. As you say, the action is now to come. Thank you, all three, for your time.